

BUSINESS AND GROWTH STRATEGY

for the Stockholm region



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This is the Stockholm region's Business and Growth Strategy

THE STOCKHOLM REGION'S BUSINESS AND GROWTH STRATEGY

is a concretisation of the regional development strategy, RUF5 2050¹. The business and growth strategy also includes the Stockholm region's research and innovation strategy for smart specialisation.

The strategy shows what the region's stakeholders need to focus on in order to draw up action plans, implementation plans and development projects that shows how the development work will be carried out and by whom.

The Stockholm region's business and growth strategy is:

- A guiding strategic basis for prioritising regional business and growth work.
- The Stockholm region's research and innovation strategy for smart specialisation.
- A document that aims to facilitate cooperation, dialogue and consensus between regional and local stakeholders within academia, public, private and voluntary sectors.

The strategy is divided into four chapters, which are structured as follows:

1. Starting point and conditions for business and growth – Therefore, a business and growth strategy is needed.

2. Strategic focus – Four focus areas with related initiatives.

3. The Stockholm region's research and innovation strategy for smart specialisation – The business and growth strategy includes the Stockholm region's research and innovation strategy for smart specialisation, which is a condition for financing initiatives for research, innovation and technological development from the European Regional Development Fund (ERDF).

4. Implementation and monitoring – What is the process for the future?

¹ The Business and Growth Strategy, just like RUF5 2050, is aimed at the county's municipalities and other relevant stakeholders, such as innovation and business promoters, foundations, research institutes, collaborative organisations, universities and colleges, industry organisations, national organisations and authorities, and Region Stockholm's own operations. Examples of strategies that relate to this strategy can be found in Chapter 4.1. Within Region Stockholm, the strategy complements other steering documents within the fields of conduct/treatment, sustainability, employees and working environment, business development and growth, public health and research/development/education/innovation that apply to all committees and companies.

Contents



PART 1 5

Starting point and conditions for business and growth.
Therefore, a business and growth strategy is needed.

1.1 A strong starting position in the face of tough global competitions	6
1.2 Global trends	7
1.3 Tough challenges	10
1.4 A sustainable Stockholm region	10
1.5 Conditions for business and growth	11



PART 2 15

Strategic focus – Four focus areas with related initiatives.

2.1 Strengthen and develop research, innovation and smart specialisation.....	16
2.2 Strengthen and develop the competitiveness of small and medium-sized enterprises (SMEs)	19
2.3 Strengthen and develop internationalisation, exports and investments	22
2.4 Strengthen and develop strategic skills provision	24



PART 3 27

The Stockholm region's research and innovation strategy
for smart specialisation.

3.1 Life science, care and health	28
3.2 ICT, tech and digitalisation	30
3.3 Industrial transition through sustainable production	30
3.4 Climate and environmental initiatives for sustainable urban development	31
3.5 Initiatives to meet necessary conditions	32



PART 4 33

Implementation and monitoring – What is the process for the future?

4.1 Collaboration for implementation	34
4.2 Monitoring	36

PART 1

A regional strategy for a competitive business sector and sustainable growth

A regional strategy for a competitive business sector and sustainable growth

1.1 A strong starting position in the face of tough global competitions

The Stockholm region is Sweden's growth engine and a leading growth, culture and knowledge region, with almost a third of Sweden's gross domestic product (GDP), about 25 percent of Sweden's population, employment and goods exports, and an extensive tourism industry and a cultural scene that features great creativity and innovation. It also has a strong business structure and capacity for renewal, with a breadth of industries, a high degree of specialisation and international competitiveness, making the region resilient and robust in the face of future challenges.

This is one of Europe's fastest growing regions and most competitive metropolitan areas.

Table 1. The Stockholm region by international comparison

Ranking	The World Smart City Award	EU Regional Competitiveness Index	Generation Z City Index	European Regional Economic Growth Index	Top Ten Startup Hubs	European digital Social innovation index	The Regional Innovation Scoreboard
1	Stockholm	Stockholm	London	London	Silicon Valley	London	Zurich
2	Bristol (finalist)	London	Stockholm	Paris	Peking	Amsterdam	Ticino
3	Curitiba (finalist)	Utrecht	Los Angeles	Stockholm	Stockholm	Copenhagen	Helsinki-Uusimaa
4	Montevideo (finalist)	Berkshire, Buckinghamshire, Oxfordshire	Toronto	Istanbul	Tel aviv	Stockholm	Stockholm
5	Seoul (finalist)	Surrey, Öst och Väst Sussex	New York	München	New York	Paris	Copenhagen
6	Teheran (finalist)	Copenhagen	Berlin	Dublin	Shanghai	Madrid	Eastern Switzerland
7	–	Luxemburg	München	Luxemburg	Los Angeles	Bryssel	Nordvästschweiz
8	–	Upper Bavaria	San Fransisco	Stuttgart	Seol	Utrecht	Central Switzerland
9	–	Flevoland & North Holland	Amsterdam	Oslo	Boston	Barcelona	Berlin
10	–	Helsinki-Uusimaa	Vancouver	Köpenhamn–Malmö	London	Edinburgh	Lake Geneva region
Source:	Smart City Expo World Congress, 2019. 450 nominations.	EU Regional Competitiveness Index, 2019. 268 regions.	Nestpick, 2019. 110 städer.	LaSalle E-REGI Index, 2018. 100 städer.	Sparklabs Group, 2019.	Nesta, 2019. 60 städer.	Europeiska kommissionen, 2019. 238 regioner.

Source: Stockholm Business Region (2020).

Seven areas of strength where the Stockholm region's business community is at the forefront have been identified in the Regional Development Strategy, RUF 2050. These are: Life sciences, information and communication technology (ICT), highly specialised industrial manufacturing, cleantech, the financial sector, cultural and creative industries (CCN), and tourism.

The Stockholm region is the Nordic region's financial centre and is the European metropolitan region with the highest number of global head offices after London and Paris². The region is a magnet for ideas that contribute towards innovations, with spillover effects for other parts of Sweden, Europe and the world. As the capital region of one of Europe's most competitive economies, the region plays an important role in the future sustainable growth and development of both Sweden and the rest of the EU. In terms of population, Stockholm County is Sweden's third largest rural county,³ and it is important to develop the interaction between the region's urban and rural environments to support job opportunities, enterprise and entrepreneurship throughout the region. It is important for the whole of Sweden's economic ecosystem that the region's success factors and competitiveness are continuously maintained and developed.

In a global context, the Stockholm region is a relatively small region that is dependent on good contact and collaboration, both within and beyond Sweden. From a large region perspective, Stockholm County is part of Eastern Central Sweden, which also includes Gävleborg County, Södermanland County, Uppsala County, Västmanland County, Örebro County and Östergötland County.⁴ Large region integration gives a considerably larger domestic market and a greater basis for varied and internationally competitive business, with skilled industries and a larger labour, education and housing market. It also provides a greater diversity of qualities that are important when deciding where to live and for establishing various operations. Increasing cooperation within the Baltic Sea region also brings opportunities for the Stockholm region's business community to expand its 'domestic market', which can provide leverage for reaching out further into the world.

1.2 Global trends

The pace of globalisation has accelerated in recent decades, and has created an increasingly extensive transnational exchange of capital, labour and talent, goods and services, as well as increased global mobility. Metropolitan regions tend to benefit most from the effects of globalisation through their density, their accessibility and the diversity of their people, skills and businesses. The Stockholm region is dependent on external opportunities, while at the same time the region's business community's ability to respond to international competition is crucial.

In addition to globalisation, intensified technological changes – including digitalisation and automation – are also under way, changing the professional structure of industries, with some elements being rationalised and others being added. This trend includes all sectors, and both low- and high-skilled occupations. This has become even more obvious as a result of the Covid-19 pandemic's direct impact on the labour market and on business, which has also strengthened the need to match, develop and transform existing skills requirements and occupations, and to attract talent from abroad. Demographic changes – with an ageing population and growing awareness of humankind's impact on climate change – are also contributing towards structural changes.

The global transition towards development that is sustainable in the long term is a paradigm shift that affects all sectors and businesses. This means that the conditions for the region's competitiveness are changing, creating new business opportunities for the Stockholm region's business community that can further boost the region's international competitiveness. This is of great importance for the Stockholm region's overall growth as part of achieving positive societal changes in the promotion of sustainable development.

² Region Stockholm, Det globala Stockholm – En kartläggning av multinationella företag med huvudkontor i Norden och Stockholmsregionen ('Global Stockholm – A survey of multinational companies with head offices in the Nordic region and the Stockholm region'), 2020.

³ Region Stockholm, Landsbygds- och skärgårdsstrategi för Stockholmsregionen ('Rural and Archipelago Strategy for the Stockholm Region'), 2018.

⁴ Region Stockholm, ÖMS 2050 – samverkan kring planering i östra Mellansverige ('Eastern Central Sweden 2050 – cooperation on planning in Eastern Central Sweden'), 2018.

VISION

Europe's most attractive metropolitan region

The link between the Business and Growth Strategy, its focus areas and RUF5 2050.

GOAL 1

An accessible region with a good living environment

SUBSIDIARY GOAL

1. At least 22,000 homes per year need to be added.
2. Public transport travel times between regional city centres and to Arlanda Airport shall be competitive with travel times by car.
3. The proportion of the county's inhabitants who experience problems due to traffic noise and poor air quality shall not increase.
4. At least 95 percent of new development should take place within the region's relatively most accessible locations.

REGIONAL PRIORITIES

- Increase housing construction and create attractive living environments.
- Steer towards a transport-efficient society.



GOAL 2

An open, gender equal, equitable and inclusive region

SUBSIDIARY GOAL

1. The differences in average life expectancy between different socio-economic groups and municipalities in the county shall be reduced, and average life expectancy shall increase for everyone.
2. The employment rate of the population aged 20–64 shall be considerably above 80 percent for both women and men, and the gap between those born in Sweden and abroad shall become smaller.
3. The proportion of upper secondary school students who complete their education and obtain an upper secondary school diploma within three years shall be higher than 80 percent, and the differences between upper secondary schools and the county's various municipalities shall reduce.
4. The proportion of people who trust their neighbours shall increase, and the impact of insecurity on quality of life and inhabitants' exposure to violent crime.

REGIONAL PRIORITIES

- Make use of skills and facilitate matching in the labour market.
- Achieve equitable and improved public health, and help close the health gap.
- Strengthen the conditions for all children and young people to progress towards study and work.

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4. Strengthen and develop strategic skills provision.



GOAL 3

A leading growth and knowledge region

SUBSIDIARY GOAL

1. The percentage of people who hold a university degree and work in knowledge-intensive professions should increase to a minimum of 55 per cent, for both men and women.
2. The number of startups should increase to 18 per 1,000 inhabitants.
3. Private and public investment in research and development (R&D) should reach a minimum of 4.5 per cent of regional GRP.
4. All residents, business owners and the public sector should have access to fixed and mobile broadband connections with high-speed transmission.

REGIONAL PRIORITIES

- Strengthen strategic research areas and innovation environments.
- Strengthen the region's global position through more establishments, visits and increased international trade.

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1. Strengthen and develop research, innovation and smart specialisation.
2. Strengthen and develop the competitiveness of SMEs.
3. Strengthen and develop internationalisation, exports and investments.



GOAL 4

A resource-efficient, resilient region with no greenhouse gas emissions

SUBSIDIARY GOAL

1. Annual direct emissions of greenhouse gases shall be lower than 1.5 tonnes per inhabitant, and greenhouse gas emissions from a consumption perspective shall be halved.
2. The annual energy consumption per inhabitant shall be continuously reduced to below 16 MWh, and the region's energy production shall be 100 percent renewable.
3. Public transport's share of motorised journeys shall increase by 5 percentage points compared to 2015, at least 70 percent of all journeys within the county shall be made by foot, bicycle or public transport, and the proportion of cycling shall be 20 percent in accordance with the regional cycling plan.
4. Household waste shall have fallen to a maximum of 360 kg per person per year, and at least 70 percent – including food waste – shall be recycled.

REGIONAL PRIORITIES

- Increase electrically powered passenger and freight transport.
- Develop climate- and resource-efficient, attractive regional cores.



1.3 Tough challenges

The starting position is thus strong, but despite this favourable situation, it is important that these strengths should not be taken for granted. Today's success is no guarantee of a continued high level of competitiveness and future growth. Conditions can change rapidly, as the Covid-19 pandemic has made uncomfortably clear.

Six challenges for the Stockholm region's growth and competitiveness are identified in RUFSS 2050:

- To facilitate population growth while improving the region's environment and its inhabitants' health.
- To be a small metropolitan region while at the same time an international leader.
- To increase security in the region at a time when the world is perceived as more insecure.
- To reduce climate impact while at the same time making greater mobility and economic growth possible.
- To rectify capacity shortages while demands continue to grow.
- To maintain an open region while at the same time reinforcing inclusion.

There are social and economic differences between and within the region's municipalities. Some have low educational results, high levels of unemployment and long-term exclusion, not least among foreign-born people. Others feature good school results, high employment rates and good economic supporting capacity. In order to tackle the challenges and ensure long-term sustainability within the business community, there is a need for broad cooperation, a common starting point and coordinated priorities. Stable and effective forms of cooperation are needed to facilitate a rapid restart and transition.

1.4 A sustainable Stockholm region

Striving towards economically, ecologically and socially sustainable development is important for many reasons. Business and growth policy shall be adapted in line with – and contribute towards achieving – the sustainability goals of the UN, the EU, Sweden and the Stockholm region.⁵ With its 17 goals and 169 targets, Agenda 2030 is the most ambitious sustainable development agreement ever to have been adopted. The EU has undertaken to achieve climate neutrality by 2050, which will require a transformation of Europe's society and economy.

Image 1. Agenda 2030 – the UN's 17 Sustainable Development Goals



⁵ <https://www.sl.se/verksamhet/Regional-utveckling/strategier-och-planer-inom-regional-utveckling/klimatfardplan-2050-for-stockholmsregionen/>

As the world increasingly recognises the importance of living in a more sustainable manner, demand is growing for goods and services that reduce the environmental impact of human consumption. This insight is expected to affect our needs and to change our consumption patterns towards increasingly sustainable production and consumption. As a consequence of this, new business opportunities are emerging and those businesses that adapt the best will be able to win market shares. This transition is also important for the Stockholm region's ability to maintain – and, if possible, increase – its strong competitiveness.

Many companies in Stockholm and Sweden are at the forefront of steering towards sustainability, and play an important role in driving the development of sustainability issues towards the creation of a sustainable Stockholm region. Innovative solutions and business development bring added value for business owners, society and the environment. This creates competitive advantages internationally, contributing towards both growth and sustainable societies. Sustainable goods, services and solutions can provide significant growth opportunities for the region's businesses in the future.

1.5 Conditions for business and growth

In order for the Stockholm region to be attractive for investments and business establishments, and to have an internationally competitive business community that features sustainable growth, a number of important conditions that are not primarily related to growth and business policy must be in place. The following conditions have their own processes alongside business and growth work, but their impact on business and growth increases the urgency of improving these conditions. This also means that it is important to consider the impact on business and growth when working with these issues, even if they will not be covered by the strategy's direct initiatives.

1.5.1 Housing, land and premises

Access to land and premises and an effective housing market are of central importance in order to ensure a good living environment for all inhabitants, provide development opportunities for business, and promote sustainable growth and competitiveness. A lack of access to housing can affect businesses' willingness and opportunities to expand and establish themselves in the region. Accessible housing – in terms of both price level and waiting times – is an important part of attracting skills to the Stockholm region. Effective mobility is important for the housing market to function properly.

The municipalities' structure plans for land use are of great importance to businesses. Physical planning must feature flexibility, creativity and collaboration between the public sector and the business community⁶.

1.5.2 Infrastructure, freight and logistics

From a business perspective, a functional, high-capacity transport infrastructure is essential for efficient freight transport, staff recruitment and access to customers and personal meetings⁷. Congestion and environmental impact can have a negative impact on a region's attractiveness and quality of life. Greater pressure on infrastructure due to population growth and increased consumption reduces accessibility for commercial traffic.⁸ Congestion within the transport system has a high social cost. At the same time, population density can be an advantage for sustainable and efficient public transport. There is a need for a functional infrastructure that includes strategically located terminals, expanded capacity at ports and terminals, and better connections between them. From an environmental perspective, freight should generally be transported by sea and rail in the first instance.⁹

⁶ The National Board of Housing, Building and Planning and the Swedish Agency for Economic and Regional Growth, *Tillväxt kräver planering – En antologi om samverkan i den fysiska planeringen* ('Growth requires planning – An anthology on cooperation in physical planning'), 2015.

⁷ Region Stockholm, *Godsstrategi för Stockholmsregion* ('Freight strategy for the Stockholm region'), 2019; *Regional Development Strategy for the Stockholm region RUF5 2050*, 2018.

⁸ The Swedish Transport Administration, *Nationell plan för transportsystemet 2018–2029* ('National plan for the transport system 2018–2029'), 2018.

⁹ Region Stockholm, *Godsstrategi för Stockholmsregion* ('Freight strategy for the Stockholm region'), 2019; *Regional Development Strategy for the Stockholm region RUF5 2050*, 2018.

In order to improve accessibility, the proposed spatial development in RUFSS 2050 is based on polycentricity, with densification in the regional cores and in the locations with greater relative proximity to public transport. This spatial structure provides the right conditions for developing sustainable business and a sustainable labour market. Public investments in infrastructure and increased transport efficiency lay the foundations for a long-term structure that signals vision and ambition, which in turn attracts private investors. It is therefore important that the Stockholm region receives a share of national infrastructure investments that is proportional to its population.

The opportunities of digitalisation create possibilities for advanced products and services and simplify everyday life, but also increase vulnerability and demands for security. Virtually the entire population of the region now has access to the internet, and high-speed broadband is being rolled out at a rapid pace. At the same time, a relatively large number of households lack fast connectivity, for example in some rural areas and in the archipelago. The growing need for digital infrastructure among the business community and society as a whole brings higher demands for operational reliability.

1.5.3 Electric power supply

Electricity consumption in Sweden has remained constant for several decades. The population has grown and more homes have been built, but thanks to energy efficiency measures, consumption has not increased. Now, however, the trend appears to have reversed. Increasing consumption does not necessarily mean higher power demand, but – depending on how electricity consumption is distributed over the hours of the day – it can lead to increased electrical power demand.

Several trends are affecting electricity consumption and thus power demand. Within the transport sector, the vehicle fleet – cars, public transport and heavier vehicles – is being electrified and there is increased rail traffic, leading to increased electricity consumption. The growth in housing may also result in increased electricity consumption, depending on the progress of energy efficiency measures within the housing stock. There are two trends within industry. Existing industry is being electrified to replace fossil fuels. A new type of operation has also been established in recent years: data centres, which – depending on their size – consume a lot of electricity.

The recent discussions about power supply shortages in parts of Sweden relate to capacity shortages¹⁰ within the infrastructure. The problem is that the majority of electricity is produced in the north of Sweden and consumed in the south. It is therefore important to find long-term solutions to ensure access to electricity in the south of the country. In some places, the grid is not sufficiently developed to deliver the power required when demand is high. Increased power is limited by the fact that the national grid lacks the capacity to deliver more.¹¹ In the longer term, societal development projects in the form of expanding and developing housing and associated infrastructure such as railways, road tunnels, electricity pylons and Stockholm's metro, for example, risk being delayed and made more difficult. In the shorter term, the county risks losing out on new businesses being established and existing operations being unable to expand.

In order to manage the electricity supply, it is important to work with both long-term solutions, such as upgrading the national grid, and short-term solutions, such as working towards more evenly balanced electricity consumption throughout the day.

¹⁰ Kapacitetsbrist innebär att elnätets fysikaliska egenskaper begränsar nätets överföringsförmåga.

¹¹ Region Stockholm, Kraftförsörjning inom östra Mellansverige, 2020.

1.5.4 Quality of life and public health

Access to good commercial and public services, culture, nature, beautiful, safe and inspiring environments, work-life balance, health aspects, parental leave, equality, gender equality and expanded digital infrastructure are all aspects that, together, create an attractive region where talented individuals want to live and companies want to set up. The location's attractiveness is important for residents, visitors, businesses, and investment.

With increased health and environmental awareness, the Stockholm region has the right conditions to strengthen its attractiveness even further. Good, gender equal and equitable health among the population has a positive impact on the business climate and sustainable growth. The overall impact of public health on the economy comes from several interacting factors. In order to maintain a vibrant and resilient business community, it is important to work actively towards a sustainable, equitable and gender-equitable working life that uses citizens' full potential throughout their working life.

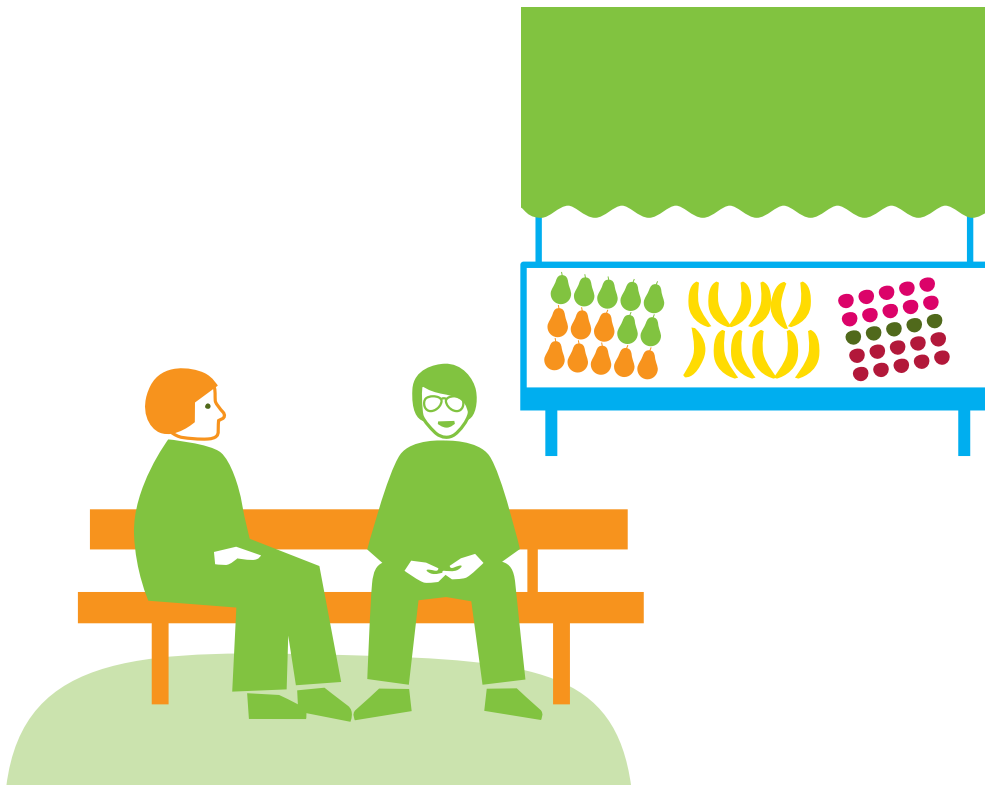


1.5.5 Safety and security

Safety and security are important in order to make the region an attractive place for businesses to set up and grow. Safety and security, together with less corruption and an open social climate, have been one of the region's competitive advantages, but in recent years the feeling of security has declined. Stockholm County Administrative Board's citizen survey¹² and BRÅ's National Survey on Safety¹³ show that a growing proportion of the population are worried about being affected by crime in the Stockholm region. While increased organised crime has a negative impact on business across the entire region, it is concentrated in vulnerable areas where business activities are made considerably more difficult – with negative consequences in terms of for both employment and integration. Reversing the negative trend in terms of crime and insecurity is important for the Stockholm region's attractiveness and business development.

1.5.6 Capital supply

In order to reinforce economic growth and increase employment, access to a capital market that is effective in the long term is important, not least for a competitive and growing region like Stockholm. Access to private capital, but also to market-complementary funding from regional, national and European initiatives, is a cornerstone of the region's future innovation and growth. In order to be able to access future capital, it is important that we manage the transition as more and more of the capital goes towards sustainable growth. Since the Stockholm region's share of state-financed regional development funding is disproportionately low, it is also important to have other complementary sources of funding. Among other things, this involves maintaining an innovation climate that provides the right conditions for companies to start up, grow and facilitate the Stockholm region's continued sustainable competitive development.



¹² Stockholm County Administrative Board, Nutid och framtid 2019-1: Stockholmare om trygghet och otrygghet ('Present and future 2019-1: Stockholmers on security and insecurity'), 2019.

¹³ BRÅ, <https://www.bra.se/statistik/statistiska-undersokningar/nationella-trygghetsundersokningen.html>, 2020-11-19.

PART 2

Strategic direction



Strategic direction

Based on global trends, the strengths and challenges of the Stockholm region, extensive analyses¹⁴ and broad dialogue with the region's actors through discussions, workshops and written input, a strategic direction with four focus areas has been identified. These focus areas are interconnected, are dependent on each other, and take into account the entire Stockholm region.

The strategic focus areas shall contribute towards strengthening the Stockholm region's international competitiveness and sustainable growth through joint gathering of forces and coordination. The focuses relate to areas that the region's actors have prioritised, and highlight what needs to be done to create the right conditions for a competitive business sector and sustainable growth. These are followed by action plans, implementation plans and development projects that clarify how the strategy will be implemented.

The four identified focus areas to strengthen and develop are:

1. **Research, innovation and smart specialisation**
2. **The competitiveness of small and medium-sized enterprises (SMEs)**
3. **Internationalisation, exports and investments**
4. **Strategic skills provision**

2.1 Strengthen and develop research, innovation and smart specialisation

Background

Stockholm is a leading research and innovation region, with a high position in international rankings. In both Sweden as a whole and Stockholm County specifically, private companies account for the largest proportion of R&D investments, at around 70 percent. In Stockholm County, companies invested SEK 40 billion in R&D (2017), compared with public R&D investments of SEK 14 billion. Around one third of companies' R&D investments in Sweden are made within Stockholm County.

R&D investments are important in order to retain skills, and to maintain the county's role as an innovation centre and the international competitiveness of the Stockholm region. RUF5 2050 includes a subsidiary goal that R&D investments shall amount to at least 4.5 percent of GRP in 2030. In 2017, they totalled 3.7 percent¹⁵.

Analysis

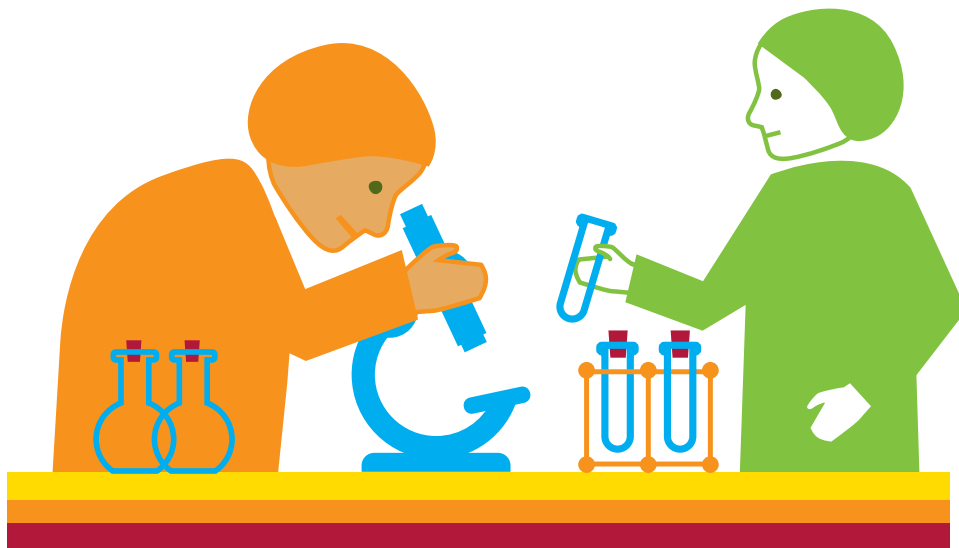
In order to maintain and reinforce the Stockholm region's position in global competition and to equip the region's business community for change, a functioning ecosystem for research, innovation and growth must be ensured. Sustainable innovations in the form of new products, services and business models are important for the region's future competitiveness and its ability to create new business opportunities and jobs. This requires relevant skills, strong development environments, business clusters, as well as testing and demonstration environments.

¹⁴ Region Stockholm, Nulägesanalys för näringsliv och tillväxt i Stockholmsregionen ('Current situation analysis for business and growth in the Stockholm region', forthcoming) with three in-depth reports (Det globala Stockholm – En kartläggning av multinationella företag med huvudkontor i Norden och Stockholmsregionen ('Global Stockholm – A survey of multinational companies with head offices in the Nordic region and the Stockholm region'), 2020, Export och globala värdekedjor ('Exports and global value chains'), 2020 and Tillverkningsindustrin i Stockholms län ('The manufacturing industry in Stockholm County'), 2019) has been produced ahead of the work with the strategy, together with other knowledge bases and analyses.

¹⁵ Region Stockholm, Läget i Stockholmsregionen 2019 – uppföljning av RUF5 2050 ('The situation in the Stockholm region 2019 – follow-up of RUF5 2050'), 2020.

Today, there are many regional innovation environments, incubators, science parks, collaboration platforms and collaboration projects with the ambition of bringing together regional actors and offering various forms of support. Despite increased collaboration in recent years¹⁶ the innovation and business promotion system is sometimes seen to be fragmented and underfunded. This is particularly true of support for commercialisation, innovation-based start-ups and growth companies¹⁷.

The innovation capacity of the business community¹⁸ is important for the region's competitiveness. It is essential that there are opportunities and the right conditions for carrying out innovation work and for refining and retaining innovations in the Stockholm region. In order to make effective use of public resources, it is important to gather forces around regional areas of strength within research and innovation, where there are good conditions for further strengthening international competitiveness (see The Stockholm region's Research and Innovation Strategy for Smart Specialisation, Chapter 3). It is important to be open to the development of new industries and the transformation of the economy in a resource-efficient direction.



¹⁶ The Swedish Agency for Economic and Regional Growth, Resultat och nyttor inom Regionalfonden i Stockholm – En portföljanslys ('Results and benefits within the Regional Fund in Stockholm – a portfolio analysis'), 2020.

¹⁷ According to a broad dialogue with the region's innovation and business promotion actors.

¹⁸ The definition according to the OECD's Oslo Manual is as follows: "An 'innovation' is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations."

The following actions therefore need to be carried out in order to strengthen this focus area:

ACTIONS

- **Strengthen and coordinate the region's innovation and business promotion system**

There is a need for clearer coordination, role distribution and long-term funding in the overall business promotion system. Public funding shall contribute towards developing prioritised areas of strength, while it is also important to be prepared to recognise the potential within new areas. There is also good reason to investigate the opportunities for creating innovative zones where permit rules are relaxed to allow new solutions to be tested. The work to make data available for research and development must also continue.¹⁹

- **Make regional development arenas, test beds and labs available**

The region has access to research and innovation infrastructure within several areas. However, many SMEs find it hard to access them. Many companies also need quick access to testing facilities and clinical trials, but find it hard to navigate their way through the public structures, emphasising the importance of simplifying these structures.²⁰ This is true not least for the Stockholm region's ability to commercialise solutions, services and products that contribute towards sustainable development.

- **Promote research and innovation for sustainable goods and services**

Companies that succeed in producing goods and services in a sustainable manner can gain competitive advantages. In order to help the business community to make use of this change and create the right conditions for developing business opportunities linked to sustainability, targeted investments are needed within research fields and innovation environments that explore new production applications that contribute towards the production of sustainable goods and services.

- **Increase knowledge and use of innovation-promoting procurement and collaboration methods**

There are currently a number of different opportunities for public actors to contribute towards the development and implementation of sustainable innovations through clear specification of requirements and forward-looking procurement processes. Within many procuring organisations, however, there is still only limited knowledge of aspects such as innovation procurement,²¹ pre-commercial procurement, function procurement and innovation partnerships. There is a need for awareness-raising initiatives about the conditions for applying these new methods among both public actors and businesses. This includes raising awareness of intellectual property rights, i.e. copyright, patent rights, trademark rights and design rights.²²

- **Establish a structure with the skills and resources to meet the requirements of smart specialisation**

There is a need for an operational and strategic structure with the skills and resources to coordinate and drive forward the Stockholm region's work on smart specialisation. For more details, see Chapter 3 on smart specialisation and Appendix 1.

¹⁹ See e.g. the work with Stockholm Center for Health Data: <https://www.sll.se/om-regionstockholm/forskning-och-innovation/centrum-for-halsodata/>

²⁰ See e.g. the work with the regional fund project Sthlm Life Tech: <https://flemingsbergscience.se/sv/2020/03/24/sthlm-lifetech-far-full-finansiering/> and Region Stockholm's work to speed up response times for clinical trials: <https://www.sll.se/nyheter-stockholms-lans-landsting/2018/12/budget-2019-forfragan-om-att-genomfora-en-klinisk-provning/>

²¹ Innovation procurement includes procurement that takes place in such a way that it does not exclude new solutions, so-called innovation-friendly procurement and procurement of innovation, i.e. procurement for developing new solutions that are not yet on the market.

²² For example, the Swedish Patent and Registration Office's work to ensure that new ideas at the cutting edge of technology and development will strengthen Sweden's growth, innovation capacity and competitiveness.

- Allocate resources for external monitoring, follow-up and for carrying out analyses and making knowledge accessible

It is important to have up-to-date knowledge bases, data and analyses in order to make carefully considered decisions that benefit the development and sustainable growth of the Stockholm region. The region's actors, within both the public sector and the private sector, currently carry out various analyses – individually and jointly – of the Stockholm region's business community, innovation, skills supply, growth and international competitiveness. In order to obtain the best possible analyses, it is important to work with open data and to increase cooperation between different actors.²³ The need for analysis applies to all areas within the Business and Growth Strategy.

2.2 Strengthen and develop the competitiveness of small and medium-sized enterprises (SMEs)

Background

More than a quarter of companies in Sweden are located in Stockholm County, making this one of the country's most business-dense areas.²⁴ Microenterprises²⁵ and SMEs²⁶ dominate the business structure in both the county's urban areas and its more sparsely populated locations. These companies drive forward the spirit of enterprise and the power of innovation, and are essential in order to generate sustainable growth throughout the county. A high level of new enterprise with innovative development contributes towards a more dynamic economy and a more diversified labour market. It is therefore necessary to both encourage new enterprise and nurture existing companies. Stockholm is Sweden's third largest rural county, with a business community that is characterised by entrepreneurs and small business owners, who are of key importance when it comes to employment and livelihoods in these areas.²⁷

Analysis

In recent years, many municipalities in the Stockholm region have worked together to create a better, more uniform municipal business service.²⁸ Even though customer satisfaction has grown year on year, some companies would like to see more consistency in the exercise of authority. Several of the initiatives within this focus area strengthen businesses of all sizes, but it is important to pay attention to SMEs, which do not have the same resources as larger companies. For example, SMEs find it harder to recruit the necessary skills than larger companies, which – according to the Swedish Agency for Economic and Regional Growth – is the biggest barrier to growth.²⁹ Everyone, regardless of their gender, background, age and geographical domicile, should be able to access business promotion resources on equal terms.

Many small businesses are also strongly affected by various rules and regulations, and many of them have difficulties finding funding for development and innovation during the early stages. Since entrepreneurs in rural areas often operate within several industries, they are affected by various rules and legislation to a greater degree than other entrepreneurs are.

²³ E.g. Region Stockholm's work with data and its collaboration with the City of Stockholm, among others, and collaboration between Karolinska Institutet, Stockholm University and KTH Royal Institute of Technology.

²⁴ Region Stockholm, Nulägesanalys för näringsliv och tillväxt för Stockholms län ('Current situation analysis for business and growth in the Stockholm region', forthcoming).

²⁵ Companies with fewer than ten employees.

²⁶ SMEs – companies with fewer than 250 employees.

²⁷ Region Stockholm, Landsbygds- och skärgårdsstrategi för Stockholmsregionen ('Rural and Archipelago Strategy for the Stockholm Region'), 2018, Stockholm County Administrative Board, Livsmedelsstrategi för Stockholmsregionen ('Food Strategy for the Stockholm Region'), 2019.

²⁸ Since the municipalities began measuring companies' satisfaction (Customer Satisfaction Index) within municipal exercise of authority, companies have become increasingly satisfied, Stockholm Business Alliance, <https://stockholmbusinessalliance.se/hitta-material/nki-servicematning/>

²⁹ The Swedish Agency for Economic and Regional Growth, Huvudresultat från företagens villkor och verklighet ('Main findings from companies' conditions and reality'), 2020.

This may include various supervisory and building permit matters.³⁰ SMEs therefore need to be given better conditions for keeping up with developments, and knowledge initiatives within research, development and training – as well as direct support for companies – are of great importance here. The following action therefore need to be carried out in order to strengthen this focus area:

ACTIONS

- **Work towards simpler rules at national, regional and local levels to facilitate enterprise**

It is important that the region's actors work together to highlight companies' needs for simpler regulations, uniform application and exercise of authority, and rules that promote sustainable business development at national level, while also working on simpler regulations within their own organisations.

Many companies, especially microenterprises and SMEs, find it complicated and anti-competitive that things work differently depending on where in the region the company is located. It will be easier for the entire Stockholm region to be an attractive region for business if companies have the same conditions and similar access to services, regardless of which municipality they operate in – not least with regard to managing and applying issues relating to permits. Successful local regulatory simplifications and applications can be a source of inspiration, thereby facilitating more uniform regulations throughout the county, as in the work of the Stockholm Business Alliance (SBA).^{31,32}

- **Increase SMEs' opportunities to participate in public procurement**

Public organisations carry out procurements worth large sums of money every year, and have a responsibility to drive forward development through public procurement. SMEs often find it hard to participate in public procurement because there are requirements they cannot meet or because they do not have the time or knowledge to fill out the extensive tenders required. It is important to continue the work³³ that has already been begun to streamline and simplify procurement processes and to target skills enhancement initiatives at companies and public organisations to facilitate the participation of SMEs in public procurement, and to drive forward sustainable social development.

- **Strengthen information channels, advice and forums for SMEs**

It should be easy to set up and run a business. There are currently various information channels, advice and forums for SMEs at national, regional and municipal levels,³⁴ but many companies have experienced difficulties finding these and knowing who to contact with their questions. It is therefore important to draw attention to existing forums and development arenas for SMEs and, if there is a need, create new ones. It is important to continuously develop and spread knowledge about the existing digital arenas.³⁵ To make it easier to set up and develop a business, there should also be an expanded, developed business advisory service with a more decentralised advisory and support system, with a local presence within the municipalities of growth-promoting actors.

³⁰ Region Stockholm, Landsbygds- och skärgårdsstrategi för Stockholmsregionen ('Rural and Archipelago Strategy for the Stockholm Region'), 2018.

³¹ As part of the SBA cooperation, work has been initiated within this area in order to inspire and learn from each other, and to provide good examples.

³² Following the Rättvik Model can be one way of working with these issues.

³³ E.g. via the Stockholm Business Alliance and Region Stockholm partnership.

³⁴ E.g. Nyföretagarcentrum and Almi.

³⁵ E.g. verksamt.se

- **Support the transition within SMEs**

Smaller companies often find it hard to set aside time and resources for business development. So that the business community's value chains and skills can be equipped for the future, it is important that the business promotion system can offer support for companies' transition and sustainable business development. Such support can, for example, take the form of developed offers from the county's business promotion actors³⁶ or targeted pilot projects to move an industry forward.

- **Strengthen regional business development through coordinated funding**

In order to facilitate business promotion and development initiatives, it is important to coordinate and develop the region's forms of funding and to facilitate leveraging regional funds via, for example, national and EU funding. It is also important to work towards better conditions for private investments during early stages.

- **Prioritise business issues in regional and municipal planning**

Business issues have become an increasingly natural part of regions' and municipalities' planning. It is important to continue working to ensure that business issues are included at as early a stage of the process as possible, including in vision plans, structure plans and development plans. Collaboration between the public sector and the business community is important, with important initial values including common challenges and goals, the ongoing structural transformation and regional industry analyses.



³⁶ There are many business promotion actors in Stockholm County, including Almi Företagspartner Stockholm Sörmland AB, Coompanion, Enterprise Europe Network, RISE, the Swedish Export Credits Guarantee Board, Business Sweden, Science Parks, the municipalities and Region Stockholm.

2.3 Strengthen and develop internationalisation, exports and investments

Background

There are currently almost 10,000 export companies in the Stockholm region, accounting for 25 percent of Sweden's goods exports and around a third of its services exports. A large proportion of trade relations are focused on the surrounding area. Finland and the Netherlands are the largest export markets for Stockholm County, with the region accounting for 41 percent and 46 percent of total goods exports to these countries respectively.³⁷

Forty-five percent of all foreign direct investments in Sweden are made in the Stockholm region. In 2018, the Stockholm region had a total of 415 foreign investments, with a total of SEK 69.8 billion being invested in the region.³⁸ The largest number of foreign companies in Sweden are controlled by owners from Norway (2,267 companies), followed by Denmark (1,410) and the US (1,359).

A region's international accessibility has significance for several key conditions for growth and development, such as access to export, import and cooperation markets for both trade and innovation, access to skilled labour, access to capital, tourism and the visitor industry, improved quality of life and greater regional attractiveness.

Analysis

Stockholm has a large number of head offices and successful research centres and innovation environments compared to other EU regions, but there is a strong international competition – primarily with other metropolitan regions. In order to ensure growth and welfare in the future, it is important to further position the Stockholm region as an accessible and dynamic international centre for business and research, including sustainable goods and services that contribute towards the green transition and stronger competitiveness. As part of further strengthening the conditions for internationalisation, the region's actors have established export collaboration through STHLM Global.³⁹

Good international accessibility creates the right conditions for the business community to grow and strengthen its competitiveness in a global market. This is true of both local and regional business, but also of business in rural areas – for which proximity to the global market is improving with the growing international accessibility of the Stockholm region. The Stockholm region is both a growth engine and a transport hub for Sweden, so international access to and from the region is important for Sweden as a whole.

As the capital region, the country's transport hub, a centre for decision-making and a node for international research, innovation and trade relations, access to stable, high-speed internet connections and an effective and sustainable transport system – with fast direct links both within and to the region – are of great importance. Lower emissions from transport is an area that has been specifically highlighted in the region's Climate Roadmap.⁴⁰

The Covid-19 pandemic has significantly affected the Stockholm region's highly international business community. Different industries and markets have been affected to different extents and for different lengths of time. In the Stockholm region, for example, the visitor industry and parts of the cultural and creative industries have been hit particularly hard. These industries are of economic importance, and they strengthen the region's identity and attractiveness. Almost half of all Sweden's companies within the cultural and creative sector are based in Stockholm

³⁷ Region Stockholm, Export och globala värdekedjor i Stockholms län ('Exports and global value chains in Stockholm County'), 2020.

³⁸ Growth Analysis, <https://www.tillvaxtanalys.se/publikationer/statistik/statistikserien/2019-06-13-utlandska-foretag-2018.html>, 18 November 2020.

³⁹ STHLM Global is a regional export collaboration in Stockholm County.

⁴⁰ Region Stockholm, Klimatfärdplan 2050 för Stockholmsregionen ('Climate Roadmap 2050 for the Stockholm region'), 2019.

County, and a large proportion of these operate in an international market.⁴¹ It is still too early to say what the long-term impact will be on the region's international business, or the size of it.

Increased international accessibility is one way to strengthen the conditions for an export-dependent country in an increasingly globalised world. Ensuring conditions for internationalisation, exports and investments that are sustainable in the long term – and, at the same time, flexible – requires both adaptability and resilience.

The following actions therefore need to be implemented in order to strengthen this focus area:

ACTIONS

- **Increase the export capacity of SMEs**

Strengthen the export capacity and international competitiveness of the business community – especially for SMEs, which have the greatest untapped potential to increase their exports.⁴² It is important that the internationalisation perspective is integrated into various forms of advice, funding and networks, as well as skills enhancement initiatives.

- **Increase the Stockholm region's attractiveness, and position it as an attractive, vibrant international node**

Access to foreign talent, experts, researchers and other key individuals is central in order to develop prominent research and to ensure the competitiveness of industry (see also Chapter 2.4: Strengthen and develop strategic skills provision). This is also of central importance in order to attract foreign investments, establishments, research and innovation resources, and head offices, and to meet the challenges faced by the welfare sector both within the Stockholm region and in Sweden as a whole.

Cooperation is needed to strengthen joint international marketing and to establish the region as an international hub within its areas of strength. The location of head offices, especially for multinational companies, provides a picture of the economic ecosystem and the role played by a region within the global economy. Regulations for potential investors need to be simplified and clarified.

Continue to develop a sustainable polycentric region, where the central core and the eight outer regional cores are natural sites for business development. Creative and cultural industries and the visitor industry play a vital role in attracting visitors and investments throughout the Stockholm region. Identifying, developing and marketing strategic and sustainable tourism destinations around the region is also important.

- **Strengthen international accessibility**

International accessibility – both physical and digital – is important in order to strengthen the Stockholm region's competitiveness, attractiveness, talent attraction and exports. The business community is dependent on personal, physical and digital meetings, often at short notice and at a high decision-making level. High-speed and direct, sustainable connections are therefore needed, both within and to the Stockholm region. The region shall be a node for sustainable transport solutions, both domestically and internationally. All modes of transport are needed, so it is important to achieve co-modality for both passenger transport and freight transport.

⁴¹ Region Stockholm, Kulturstrategi för Stockholmsregionen ('Cultural Strategy for the Stockholm Region'), 2018.

⁴² The Government Offices of Sweden, Sveriges export- och investeringsstrategi ('Sweden's Export and Investment Strategy'), 2020..

It is important for Arlanda Airport to be able to strengthen its position as a node for northern European air traffic and to stand strong in the face of competition to be the Nordic region's leading sustainable airport, for example by eliminating bottlenecks in traffic to and from Arlanda. Efforts to retain and expand direct routes to strategically important areas and to avoid intermediate landings are of strategic importance for the business community, both within the Stockholm region and throughout Sweden, and are a requirement for attracting foreign business set-ups.

It is important to position, market and increase international accessibility by both day and night trains to the Stockholm region, for tourism purposes and for business in general. It is also important, within the framework of the work in the greater Stockholm region, to strive for improved accessibility by rail and to seek other possible forms of cooperation within this area with regions and municipalities in Europe.

Ports are important for the business community's transport systems, and are of great significance for both passenger flows and freight flows. The Stockholm region needs an efficient road network, shipping lanes, ports, advanced technological solutions and cooperation in connection with transport by land and sea, in order to ensure international accessibility and competitiveness.

Digital accessibility has a significant impact on both attractiveness and exports of goods and services. It is important to continue digital development within the county. This is true of both the physical expansion of broadband services with high speed and reliability, and the digital maturity of the county's inhabitants and businesses.

- Further develop the support system for internationalisation and exports, and work towards its long-term financing

It is important to optimise regional coordination in order to make better use of resources and reduce the risk of duplication and parallel structures. As the Stockholm region's business development funds are limited, it is of great strategic importance that these funds can be leveraged via national and EU funding.

2.4 Strengthen and develop strategic skills provision

Background

One of the biggest barriers to growth in the Stockholm region is that employers within many sectors experience difficulties finding the right workforce. An effective labour market and satisfactory skills supply are essential if companies are to be able to assert themselves internationally and in the face of ongoing structural change. Increased digitalisation, automation and the transition to a circular economy involve renewal, with some jobs disappearing or changing and others emerging.⁴³ This transition reinforces the importance of both skills supply and skills development, for example through improved matching in the labour market and lifelong learning for all, not least those who find themselves far from the labour market.

A comparison of educational level between the Stockholm region and other regions, both within and beyond Sweden, shows that the region has a high level of education. More young people in Stockholm County continue to higher education, compared to the national average. In 2018, 52 percent of all 25- to 64-year-olds in Stockholm County had completed university education. This is higher than the national average of 43 percent. However, fewer men than women go on to higher education, and the gap has widened in the past decade.⁴⁴

Analysis

Although the Stockholm region has a high educational level and a high employment rate,⁴⁵ there are variations in different parts of the region and among different population groups.

⁴³ The Riksdag, *Framtidens arbetsmarknad och arbetsliv i den digitala eran* ('The labour market of the future and working life in the digital era'), 2017.

⁴⁴ Region Stockholm, *Nulägesanalys för näringsliv och tillväxt för Stockholms län* ('Current situation analysis for business and growth in the Stockholm region', forthcoming).

⁴⁵ Region Stockholm, *Nulägesanalys för näringsliv och tillväxt för Stockholms län* ('Current situation analysis for business and growth in the Stockholm region', forthcoming).

Foreign-born women have the lowest employment rate, both at county level and in all municipalities.⁴⁶ The Covid-19 pandemic has further affected employment rates for those groups who are already furthest from the labour market, such as new arrivals, foreign-born women and young people. According to the Swedish Employment Service, the youth unemployment figure of 100,000 is almost double that of the previous year,⁴⁷ while long-term unemployment has risen to 173,000⁴⁸ nationally. This, combined with an extensive skills shortage, highlights the importance of improving labour market matching and working for relevant skills building among the population, for example through adult education. It is also important to encourage measures that both accelerate entry to and delay exit from the labour market. Counteracting intraregional differences and promoting inclusion, equality and non-discrimination creates opportunities for employment and development for all, which is important for the county's social sustainability.

Making use of the skills that already exist within the county is of great importance, but it is also a matter of attracting skills from outside the county. Both narrow cutting-edge expertise and broader skills are needed. Companies and organisations whose labour needs cannot be met regionally or nationally need improved opportunities to recruit internationally. Recruiting skills is an important factor in the effort to position the county as an international centre for sustainable business, research, development and innovation. Other initiatives that can alleviate future skills shortages include tackling the segregation that exists within certain professions.

Stockholm is an urbanised county that encounters challenges in terms of attracting workers to its rural areas and the archipelago. In order for the business community within the county's rural areas and archipelago to grow and develop, access to workers with the right training needs to be improved. Opportunities to live and work outside densely populated areas need to be enhanced. The rise in remote working due to the Covid-19 pandemic has shown that many jobs can be carried out remotely. An effective digital infrastructure with access to fast and reliable broadband in all parts of the county is essential in order to meet the needs of business and the labour market. National support may be needed for expansion where market demand is insufficient for operators to invest.

The following actions therefore need to be implemented in order to strengthen this focus area:

ACTIONS

- **Improve matching and strengthen the link between training and the labour market**

It is important to improve labour market matching. Many people work within professions for which they are not trained, as seen especially among the foreign-born population, which involves a significant loss of skills. An expanded training offering linked to the changing needs of the labour market is needed. In view of the Stockholm region's need for skills, the importance of increased higher education needs to be raised to the national level. When choosing education, information about education alternatives must be supplemented with information about current labour market needs. In parallel with this, it is also important to attract more young people to vocational training within professions where there is a shortage of workers that matches labour market needs, and to ensure better cooperation between different educational actors, municipalities, companies, Region Stockholm and the Swedish Employment Service. A regional skills council and industry councils for vocational colleges and universities will create the right conditions for more effective planning of a training offering that is linked to the needs of the labour market.⁴⁹ Access to local and regional programme councils within upper secondary vocational education needs to be secured.

⁴⁶ Region Stockholm, Nulägesanalys för näringsliv och tillväxt för Stockholms län ('Current situation analysis for business and growth in the Stockholm region', forthcoming).

⁴⁷ svt.se, <https://www.svt.se/nyheter/snabbkollen/dn-over-100-000-unga-i-arbetsloshet>. 18 November 2020

⁴⁸ arbetsförmedlingen.se, <https://arbetsformedlingen.se/om-oss/press/presmeddelanden?id=FD8A15A39B07D3BC>. 18 November 2020.

⁴⁹ This work has begun within the Competence Arena Stockholm project.

- **Facilitate transition and lifelong learning**

In order to deal with global competition and improve people's opportunities, it is important to work continuously to simplify the transition of the labour market and lifelong learning. It is also important to improve cooperation between municipalities and the Swedish Employment Service, and to continue to work for more local job tracks and combination training courses, which have worked well in several municipalities. There is also a need for training in preparatory labour market knowledge.

- **Make use of and validate skills**

Employment rates differ from group to group, and many people do not work in the occupations for which they are trained. It is therefore important to make use of all people's skills, and to work for increased validation in the county.⁵⁰ Increased collaboration with academia, employers and adult education⁵¹ can create stronger opportunities for transition, lifelong learning and skills supply in the county. Here, targeted initiatives are also needed to broaden employers' approaches to recruitment processes and to combat discrimination in the labour market.

- **Facilitate the recruitment of international talent and cutting-edge expertise**

In order for it to be an attractive proposition for companies to set up, grow and compete internationally, they need to be able to recruit the right skills. Since this workforce is not always available within the region or in Sweden, it is important to facilitate international recruitment of talent to ensure access to cutting-edge expertise in the county. To attract cutting-edge expertise to the Stockholm region, it is important that this is a welcoming, attractive and open region where both talented people and those who accompany them are welcomed. It is also important that the rules in connection with labour migration are simple and clear, in order to avoid talented people being unable to remain in the region.

Competition for international talent is growing increasingly tough, and Stockholm needs to increase its assistance to this group in order to gain a greater advantage in the face of competition. A number of initiatives have been identified within talent attraction efforts in the region, such as a talent conference to exchange experiences, digital work permits and an International House.⁵²

- **Update surveys and analyses, and make them available**

In order to create robust systems within skills management, analyses and surveys need to be up to date. Ensure that there are good and accessible statistics on the business community's and the public sector's skills supply requirements at all levels of education, in both the short term and the long term. Gather information and statistics for the Stockholm region and Eastern Central Sweden.

⁵⁰ E.g. Region Stockholm's own projects within the healthcare profession.

⁵¹ Adult education is an umbrella term for study associations and folk high schools, and aims to make knowledge and education available to all in a democratic and equal way, and beyond the traditional world of education.

⁵² Stockholm Business Region: Future Success Growth Through Innovation & People, 2020.

PART 3

Research and innovation strategy for smart specialisation



Research and innovation strategy for smart specialisation

In connection with the 2014–2020 Structural Funds period, the European Commission launched the concept of regional research and innovation strategies for smart specialisation as a condition for funding initiatives for research, innovation and technological development via the European Regional Development Fund (ERDF). The concept builds upon good examples and experiences from previous programme periods. The aim is to identify and prioritise a limited number of key areas where public funding for research and innovation is expected to have the greatest benefit, and where regional actors have the right conditions to develop international competitiveness. Over time, the concept has become a form of best practice within regional development globally. Today, there are also demands for smart specialisation strategies within other EU policy areas, and most European regions have drawn up such strategies.

The Stockholm region does not have a previous Research and innovation strategy for smart specialisation, and the European Commission expressed a desire back in 2015 that the region's actors should set clearer priorities within research and innovation. Region Stockholm therefore decided to integrate a Research and innovation strategy for smart specialisation into the Stockholm region's Business and growth Strategy.

Despite its limited size from an international perspective, the Stockholm region has a competitive business community with a broad range of industries and several areas of strength.⁵³ The Stockholm region's Research and innovation strategy for smart specialisation is based on areas of strength within business, research and the public sector. A regional analysis and anchoring process began as early as 2015, and has resulted in four areas being identified as strategically important for public research and innovation initiatives. In many cases, these are clearly anchored in various regional cores and their research and innovation environments or clusters. In accordance with the recommendations from the European Commission, initiatives and development within prioritised areas will be continuously monitored and evaluated to allow for any necessary reprioritisation.

These prioritised areas are:

3.1 Life science, care and health

Region Stockholm has a stated ambition that the Stockholm region should be one of the world's five leading life science regions by 2023. There is also a stated desire for equitable and improved public health (RUF5 2050). The Covid-19 pandemic has put great pressure on healthcare and elderly care services. This has created a need for efficiency improvements, innovation and structural changes. New collaborations and the development of processes, working methods and innovations that can reduce the burden on welfare systems are therefore needed. The opportunities offered by digitalisation are a key to achieving this.

We currently have strong conditions for research, innovation and development within life science, care and health, thanks to academia, good research infrastructure, the business community and a good climate for cross-sectoral collaboration. In recent years, new cooperation structures have emerged through strategic collaboration projects, centres of expertise and incubators that support researchers and start-ups, with a background in universities, hospitals and research environments, including in Flemingsberg and Hagastaden.

⁵³ RUF5 2050 highlights seven areas of strength within the Stockholm region's business community. These are life sciences, information and communication technologies (ICT), highly specialised industrial manufacturing, environmental technology, the financial sector, cultural and creative industries, and tourism.

There is a need for initiatives to link together health, social care and Life sciences with complementary industries in order to address complex, cross-sectoral challenges for the health sector. In order to strengthen the position within life science, work began in 2019 to draw up a regional Life Science Strategy in broad collaboration.⁵⁴ This addresses challenges in relation to access to structured health data, opportunities for companies to collaborate with the healthcare system, access to precision medicine for personalised prediction and treatment, the need for interdisciplinary collaboration and initiatives to grow the region's Life science companies.



⁵⁴ Region Stockholm, Stockholmsregionens strategi för Life Science ('The Stockholm region's Life Science Strategy') – version circulated for comment, 2020.

3.2 ICT, tech and digitalisation

The Stockholm region is already an attractive hub for information and communication technology (ICT), tech and digitalisation. The conditions are favourable, thanks to everything from good physical and intellectual infrastructure, a favourable business climate, a pro-technology population and an effective public sector, to a strong position within various niches in locations such as Kista.⁵⁵

The region has unique opportunities to benefit ethically and safely from structured data, leading research in AI and access to powerful data processing. There are a number of collaborative platforms that focus on digital applications. At the same time, the Covid-19 pandemic has led to a dramatic leap forward in the digital transformation and capacity building, not least within the healthcare and education sectors. Many commentators are now seeing digital technology accelerating and various industries adopting AI, blockchain technologies and other digital tools. For the industry, this creates the right conditions for developing new products, services and business models. Within industry, digitalisation and smart factories can be used to achieve more efficient production, shorter lead times and higher quality.

Rapid developments are also taking place within a number of tech sectors (FinTech, EdTech, FoodTech, FashionTech, HealthTech, etc.)⁵⁶ at regional incubators and hubs. These can be developed into future areas of strength in the region. ICT, tech and digitalisation also make up an important area of expertise, which creates the right conditions for developing other regional areas of strength. However, the skills shortage is a major barrier to growth for SMEs, and the resources available to transform new ideas into growing, innovative businesses are limited.⁵⁷

3.3 Industrial transition through sustainable production

Although the business structure is dominated by knowledge-intensive service companies, Stockholm is the country's second largest industrial county, with around 60,000 employees and almost a quarter of the Sweden's goods exports. Almost half of the manufacturing industry is concentrated in Södertälje Municipality, with extensive production within Scania and AstraZeneca.

Following the closure of AstraZeneca's research facility in Södertälje, a concerted effort was made to focus on sustainable production, with support from academia, businesses and the public sector. The ambition is to strengthen education, research and enterprise to create a national competence centre with a focus on sustainable production, including through expanding KTH Royal Institute of Technology's campus, establishing Södertälje Science Park and creating new research facilities within RISE. In Nykvarn, there are plans to establish a test centre (the Swedish Electric Transport Laboratory, SEEL) and a campus for studies and research on the next generation of sustainable, innovative solutions for electric cars, trucks, buses and other vehicles.

The focus on sustainable production is also in line with the Stockholm region's strengths within areas such as ICT, digitalisation and environmental technology. At the same time, many of the region's small and medium-sized suppliers to the automotive industry are facing

⁵⁵ Länsstyrelsen, Ekosystemet ICT & Digital, Kartläggning av styrkeområden i Stockholmsregionen, 2015.

⁵⁶ Se t.ex. Stockholm stad, 2018, Stockholm the emerging foodtech hub, https://www.investstockholm.com/globalassets/2.-understartsidor-investment-opportunities/3.-cleantech/stockholm_foodtech.pdf; Stockholm Fintech Report 2018, <https://www.hhs.se/en/outreach/sse-initiatives/documents/stockholm-fintech-report-2018/>, Swedish Edtech 2017, http://media.swedishedtechindustry.se/2017/09/Edtechrapport_-_Svensk-edtech-o%CC%88kar-tillva%CC%88xt.pdf, mfl.

⁵⁷ Enligt dialoger med regionens innovations- och näringslivsfrämjande aktörer.

challenges, which became clear during the Covid-19 pandemic. In many cases, increased electrification, automation and digitalisation requires a comprehensive transition to ensure future competitiveness.⁵⁸ The crisis has also contributed to increased interest in regional production, in order to reduce vulnerability and improve sustainability by establishing new customer–supplier contacts within various sectors.⁵⁹ Here, there are also excellent opportunities to contribute towards sustainable urban development, through more energy-efficient production methods and reduced resource consumption within the construction sector, and through increased regional food production.

3.4 Climate and environmental initiatives for sustainable urban development

This priority is based on the urban environments' demographic and economic dominance within the region, combined with high energy consumption and climate impact, particularly from transport and buildings. The density and concentration of people contributes towards attractive environments, a dynamic labour market and the possibility of developing effective transport and energy systems. At the same time, urban environments also bring specific challenges, such as a shortage of housing, infrastructure capacity problems and a growing population that puts pressure on the environment through a high concentration of traffic, poorer air quality and surface water. RUFSS 2050 emphasises the importance of a territorial holistic perspective, and one stated priority is to develop climate- and resource-efficient, attractive regional cores.

The City of Stockholm has been recognised internationally for sustainable urban development in Hammarby Sjöstad and Norra Djurgårdsstaden. There have also been several initiatives to encourage collaboration, innovation and developing climate- and eco-efficient solutions for sustainable urban development. During the 21st century, this has contributed towards the development of environmental technology and clean tech companies within several niches.⁶⁰ A continued focus on climate and environmental initiatives for sustainable urban development is clearly in line with the UN's Sustainable Development Goals, the EU's objectives within the Structural Funds Programme,⁶¹ RUFSS 2050 and the ambitions of Region Stockholm, municipalities, the business community and research.



⁵⁸ See e.g. Stockholm County Administrative Board 2019:1, Fordonsdalen och framtidens mobilitet – Fordonsindustrins betydelse i Östra Mellansverige ('Vehicle Valley and the future of mobility – the importance of the automotive industry in Eastern Central Sweden'); Region Stockholm, Tillverkningsindustrin i Stockholms län ('The manufacturing industry in Stockholm County'), 2019.

⁵⁹ According to dialogue with innovation and business promotion actors within the region.

⁶⁰ See e.g. the PowerPoint report from IVL on environmental technology in the Stockholm region, produced for Stockholm County Administrative Board in 2018.

⁶¹ Here, there are good opportunities to build on initiatives and experiences from the Stockholm region's Regional Development Fund programme 2014–2020, with a focus on sustainable urban development, as well as also on requirements in the forthcoming programme 2021–2027 regarding initiatives for a greener, lower-carbon Europe.

3.5 Initiatives to meet necessary conditions

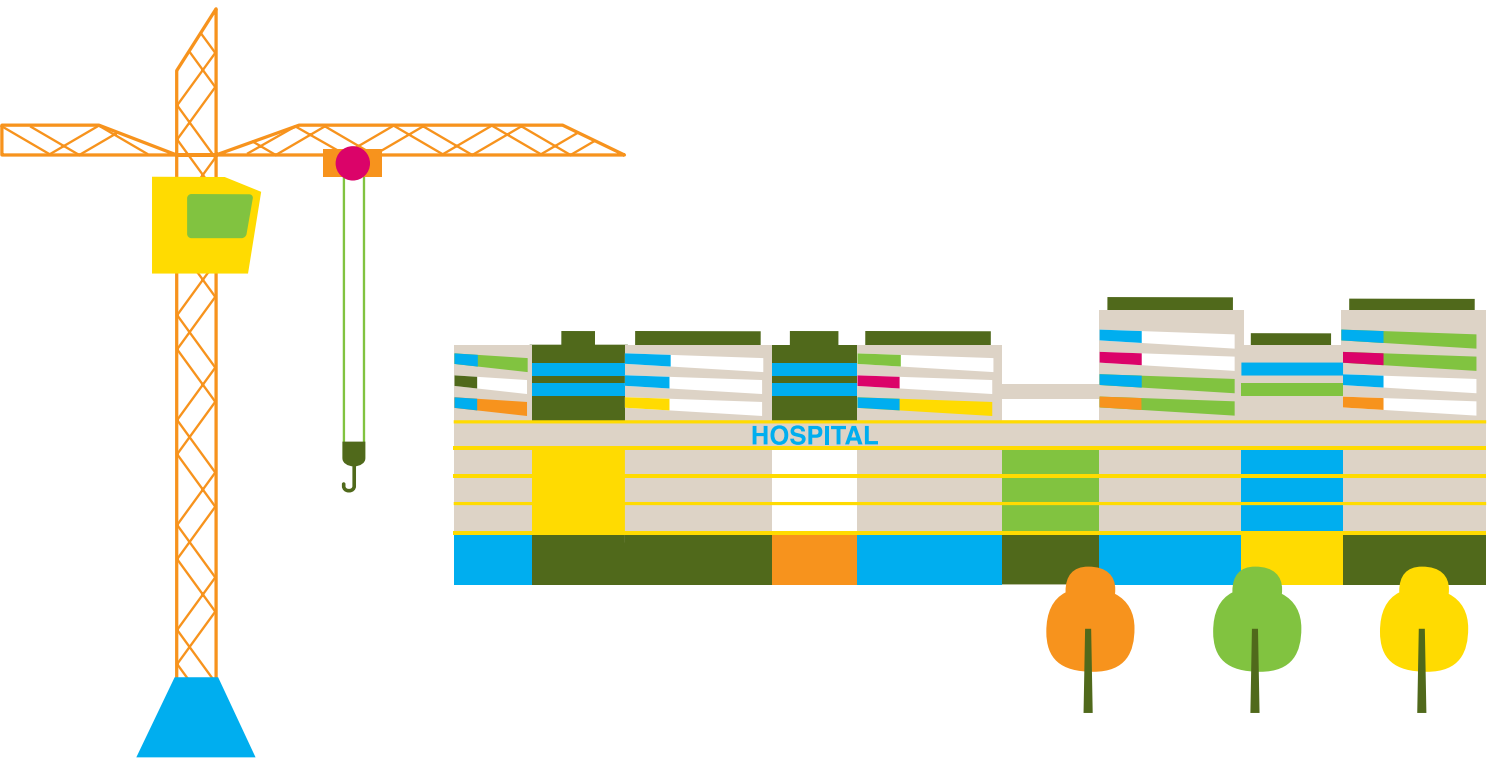
Regional programme writers for the European Regional Development Fund's operational programme shall ensure that there are skills and resources to meet the necessary condition of ensuring good governance of the Regional strategy for smart specialisation throughout the entire programme period. To ensure that the necessary condition is met, fulfilment criteria within the following seven action areas shall be specified – see Appendix 1. The necessary conditions with their related fulfilment criteria are established by the European Commission, and are formulated as follows:

CONDITIONS:

Good governance of the regional strategy for smart specialisation.

Fulfilment criteria:

- Establish a structure with the skills and resources to meet the requirements of smart specialisation (see also 2.1)
- Ensure access to regional analyses of bottlenecks for innovation dissemination and digitalisation
- Develop methods for monitoring and evaluation
- Ensure a broad regional collaborative process
- Continue the development of research and innovation systems
- Ensure initiatives for industrial transition
- Increase cooperation with other regions, including internationally



PART 4

Implementation and monitoring



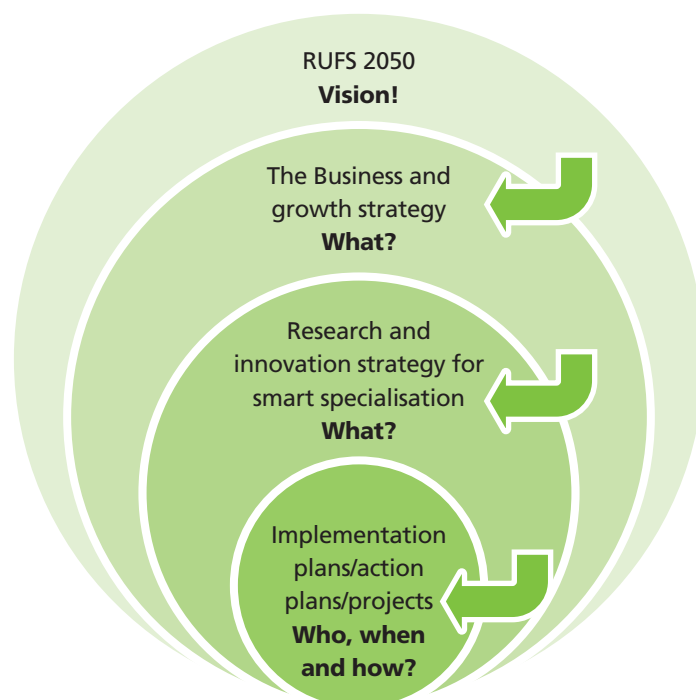
Implementation and monitoring

4.1 Collaboration for implementation

The Business and Growth Strategy is both a concretisation and a part of the implementation of the Stockholm region's Development strategy (RUF5 2050), and has the same period of validity. The Business and Growth Strategy describes what needs to be prioritised for a competitive business community and sustainable growth in the Stockholm region. It is a strategic guiding document for ongoing dialogue and collaboration between the public and private sectors, academia and non-profit actors at local, regional and state levels. The proposed initiatives address issues where several actors are working with different elements which, together, are important for achieving regional impact. All actors have both the opportunity and a responsibility to contribute to the realisation of the strategy, and this involves both challenges and opportunities to prioritise and cooperate for sustainable development in the Stockholm region. This is a complex assignment that cuts across several organisations, sectors and levels, requiring coordination, cooperation and consensus.

As part of the implementation of the various strategic focus areas and initiatives, action plans, implementation plans and development projects will be drawn up, describing how and when the initiative will be implemented and by whom, i.e. which actors are involved. The responsibility is shared between public actors, businesses, public authorities at local, regional and national levels, academia, industry organisations and interest groups, inhabitants and others. The actors involved have different angles of approach, mandates and resources at their disposal, and collaboration at several levels and across different sectors is therefore crucial for successful implementation. To ensure good processes, common interfaces are also required at both political and official levels.

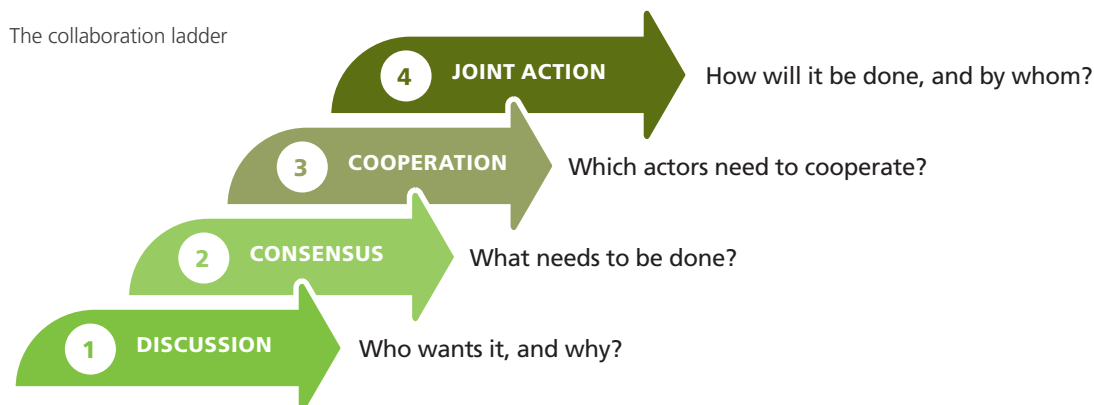
The further work concerns aspects such as mapping, which existing platforms, networks and forums are relevant, and how these are optimised, further developed and financed. Participants and responsible bodies, format and funding vary depending on the initiative, but the starting point shall be the existing skills, assignments and cooperation forums. The strategy is implemented together with the Regional development strategy.



While drawing up the strategy, a clear need for regional coordination of regional development issues has been highlighted. What is needed is both a high-level forum for governance and management, with leading actors and decision-makers, and collaboration for concrete actions. Collaboration between different actors will be important in order to solve the challenges we face, with adaptability, diversity and robustness being some of the fundamental qualities that are needed to build up the resilience of the Stockholm region.

The region's actors are dependent on stable and effective forms of cooperation to facilitate a rapid restart and transition in unpredictable and vulnerable situations, such as the Covid-19 pandemic.

Region Stockholm coordinates the regional development work within Stockholm County, and has access to state, regional and EU structural funds for regional growth work. It is important that these funds are administered in line with regional strategies and in collaboration with actors at several levels, so that leverage between different initiatives and funds can be ensured as far as possible. Here, close cooperation with the European Regional Development Fund (ERDF), the European Social Fund Plus (ESF+) and the national Regional Development Fund programme is particularly important. Through these funds, targeted growth initiatives can be made possible. The forms of implementation can be designed in coordination with the development of forms of cooperation that have been initiated. The collaboration ladder is a tool that can guide actors in their work to achieve long-term and sustainable development of the business community in the region. The design of the tool enables stakeholders to jointly draw up action plans, implementation plans, development projects, working methods and other initiatives in line with the strategy.



Source: SOU 2006:5.

Related strategies and actors

The implementation of the Business and growth strategy, including the Research and innovation strategy for smart specialisation, is related to a large number of strategies and involves many actors for the development of the Stockholm region. These strategies and actors are at various levels, from EU level to local level.

Examples of related strategies

Cultural Strategy for the Stockholm Region, Agenda 2030, Research and Development Strategy for Region Stockholm 2020–2024, Life Science Strategy for the Stockholm Region, Innovation Strategy for Region Stockholm, Food Strategy for the Stockholm Region, A Gender Equal Stockholm – A County Strategy for Gender Mainstreaming 2021–2026, Strategic Focus for Sustainable Growth and Attractiveness in Stockholm County 2025+, Climate Roadmap 2050 for the Stockholm Region, Freight Strategy for the Stockholm Region, Rural and Archipelago

Strategy for the Stockholm Region, County Plan for Regional Transport Infrastructure 2018–2029, Eastern Central Sweden 2050, Adult Education Strategy for the Stockholm Region, Public Health Policy 2017–2021, Sustainability Policy, Future Health and Medical Care 2025, Stockholm County’s Food Strategy, A National Strategy for Sustainable Regional Growth and Attractiveness 2014–2020, Sweden’s Export and Investment Strategy.

Examples of relevant actors in the region

Region Stockholm, Stockholm County Administrative Board, the municipalities and their companies within the county and in neighbouring counties, Storsthlm, universities, colleges and other education providers, research institutes, companies in various sectors, industry organisations, innovation and business promoters, clusters, foundations, collaboration organisations, and representatives from national organisations and authorities, among others.

4.2 Monitoring

The monitoring of the strategy follows the regional development plan for the Stockholm region (RUFSS 2050) in those areas that relate to the Business and Growth Strategy. This monitoring is summarised annually in a monitoring report, and is also presented at the RUFSS conferences each year. Within the various subsidiary goals there are different time intervals for when data is updated, which means that not everything can be updated annually as part of the monitoring process. As the Business and Growth Strategy is a concretisation of RUFSS 2050, the RUFSS monitoring is also the basis for the strategy. It may also be necessary to design procedures for monitoring initiatives in line with the strategy that are added during the implementation phase, such as quantitative and qualitative goals, short-term and long-term goals, indicators and metrics. The subsidiary goals and priorities that are particularly relevant to monitor for this strategy can be seen in the RUFSS 2050 goal structure image on page 8.

The monitoring model for RUFSS 2050 follows four questions that link to the bearing on different evaluation areas:

- **The plan’s goal fulfilment** – *Is the region achieving the subsidiary goals?*
- **International comparisons** – *How is the region performing in relation to other European regions?*
- **Overall impact assessment** – *What will the plan’s effects for sustainability be?*
- **Regional priorities** – *What are the region’s actors doing?*

As the actor with responsibility for regional development, Region Stockholm also reports back to the Swedish Agency for Economic and Regional Growth. Reporting back follows the Agency’s template, which currently includes the thematic areas listed below, many of which relate to the Business and Growth Strategy.

- Regional development responsibility
- Innovation and enterprise
- Attractive environments and accessibility
- Skills provision
- International cooperation
- Appropriation 1:1 Regional growth measures
- Collaboration and joint funding
- Sustainability in the regional growth work
- The work involved in analysing, monitoring and evaluating
- Promoting access to commercial services in under-served areas

Appendix

Ensure access to regional analyses of bottlenecks for innovation dissemination and digitalisation

In the work involved in continuously ensuring an updated analysis of innovation bottlenecks, including digitalisation, Region Stockholm refers to the annual evaluation of the Regional development strategy RUFSS 2050, 'The situation in the Stockholm region', and the information gathering carried out as part of this. Prior to the evaluation of RUFSS 2050 and within the framework of the structure for developing and implementing the region's Research and innovation strategy for smart specialisation, Region Stockholm also intends to strengthen information gathering from relevant innovation and research nodes and other regional innovation actors, ongoing projects, assignments and collaborations.

Establish a structure with the skills and resources to meet the requirements of smart specialisation (see also 2.1)

As the actor with responsibility for regional development, Region Stockholm has been tasked with coordinating initiatives for the implementation of the Regional development strategy RUFSS 2050, which has been operationalised in the Business and Growth Strategy, including the Strategy for Smart Specialisation. Region Stockholm will continuously strengthen the operational work for smart specialisation from 2021 onwards, and has an ambition to establish a strategic collaboration with representatives from academia, the business community and the public sector to support this work.

Develop methods for monitoring and evaluation

At national level, the Swedish Agency for Economic and Regional Growth has been tasked with developing monitoring and evaluation tools to measure and follow up on the objectives and results of the Strategy for Smart specialisation. These tools will complement Region Stockholm's annual evaluation of RUFSS 2050, the annual reporting back of the Appropriation 1.1 funds, and the ongoing reporting of relevant initiatives, projects and collaborations within the framework of the Strategy for Smart specialisation. In this context, it is also important that initiatives within the Strategy for Smart Specialisation are designed in a manner that facilitates the collection, feedback and evaluation of qualitative and quantitative results from relevant project owners.

Ensure a broad regional collaborative process

Since 2015, the Stockholm region has worked with broad, inclusive involvement processes for smart specialisation, and Region Stockholm ensures continuous entrepreneurial processes. By establishing and engaging regional actors in networks, working groups and other initiatives, the aim is to develop a trusting relationship, not least with the region's innovation and research environments. All this aims to identify needs and development opportunities that can strengthen the region's international competitiveness in selected key areas and help identify and develop new key areas.

Continue the development of research and innovation systems

The Stockholm region has a relatively well-developed innovation system. There are a large number of research, innovation and business support actors of various kinds. Many of these have an ownership or steering group consisting of actors from different sectors and a stated focus on a particular issue or sector. Several initiatives target geographical research and innovation environments. There is a need for clearer coordination of the regional innovation support system. Through mapping and clearer assignment descriptions, Region Stockholm will play a clearer role in identifying, co-financing (e.g. 'in-kind' contributions) and following up on the activities of actors and collaboration platforms within prioritised areas. Since the Stockholm region has limited regional development funds, EU structural funds play an important role in strengthening the innovation system.

Ensure initiatives for industrial transition

Industrial transition is one of four prioritised areas in the Stockholm region's Strategy for Smart specialisation. The Stockholm region is Sweden's second largest industrial county. Many of the region's SMEs are facing challenges, with demands for increased electrification, automation and digitalisation to ensure future competitiveness. A national research and innovation node focusing on sustainable production has been established in Södertälje, and a test lab for electric vehicles is being developed in Nykvarn. Industrial transition is in line with the Stockholm region's areas of strength within fields such as ICT/digitisation, materials and environmental technology, and can contribute towards sustainable production in several sectors, such as food, construction and the manufacturing industry.

Increase cooperation with other regions, including internationally

As a small export-dependent nation, Sweden and the Stockholm region have historically been dependent on international cooperation and markets. The significance of the Stockholm region's international engagement, its role in global value chains and its possible future localisation at regional level have been accentuated by the Covid-19 pandemic. This is important for both the Stockholm region and the development of Sweden as a whole. Together with regional, local, private sector and state actors, Region Stockholm will continuously monitor international work to develop broad international cooperation, for example through export cooperation within STHLM GLOBAL, and to ensure continued international participation, for example within future EU programmes such as Horizon Europe, Europa Digital, Urbact and Interreg Europe.

